

Statement of Estimated State Revenue Impact

Date: April 8, 2013

Bill Number: H.B. 3796

Author: Pitts

Committee Requesting Impact: House Ways and Means

Bill Summary: A bill to amend Section (§) 6-1-330, as amended, Code of Laws of South Carolina, 1976, relating to fees imposed by political subdivisions of this State, so as to provide that when a governing body of a political subdivision imposes a schedule of road fees on motor vehicles registered in the county based on vehicle class, the lowest fee in the schedule must apply to all motor vehicles subject to the state biennial registration fee for private passenger motor vehicles imposed pursuant to §56-3-620; and to amend §56-3-630, as amended, relating to the definition of private passenger motor vehicles for purposes of motor vehicle licensing and registration by the South Carolina department of motor vehicles, so as to provide that a truck included in the definition of private passenger motor vehicle, which is not used in a trade or business, may be registered upon payment of the biennial registration fees provided pursuant to § 56-3-620.

REVENUE IMPACT ^{1/}

The bill would have no impact on state General Fund revenue. We expect adoption of Section 2 provisions would reduce funds earmarked to the state highway account within the State Transportation Infrastructure Bank (TIB) by \$7,552,000 in FY 2015-16, and by \$7,700,000 in FY 2016-17. Since no road/other use fees on personal property tax, as scaled by vehicle weight class, are known to be in effect, Section 1 provisions would have no impact on local revenues.

Note: We have been apprised that all proceeds from various license/registration fees for trucks and other vehicles issued under Chapter 3 of Title 56 are currently pledged in bond covenants to support repayment of outstanding revenue bonds issued by the State Transportation Infrastructure Bank (TIB).

Explanation

This bill amends the registration fee schedule for certain trucks based on usage. A truck within certain weight limits qualifies as a private passenger vehicle (PPV) under Section 56-3-620 and, thereby, is eligible for certain personal or organizational license tags. Biennial fees range from \$20 to \$30 based on age of owner, or a combination of age and truck weight. Whereas, the biennial registration fee for a truck is scaled relative to its empty/gross weight under Section 56-3-660. Fees for trucks of weights qualifying as a PPV range from \$30 to \$110, biennially. Pursuant to Section 56-3-910, all fees collected under Chapter 3 of Title 56 are earmarked to the state highway account of the S. C. Transportation Infrastructure Bank (TIB), unless otherwise provided for by law.

Provisions in Section 2 allow an owner of a truck that “by weight” qualifies as a PPV, who can substantiate that its use is exclusively personal and not as a business expense deduction for federal income tax, to register it under the biennial fee schedule in Section 56-3-620. The fee change applies to registrations beginning after June 2015. Further, in Section 1, should a local jurisdiction impose a schedule of road or other fees, however described, that vary based on vehicle classes, then the lowest fee would apply to a vehicle registered under Section 56-3-620.

Estimates for subsets of those trucks used for nonbusiness purposes were derived in consultation with the DMV. Based on historical data, estimates were further stratified by weight class to apportion average yield in even/odd years of a biennial cycle. A constant fee of \$24 was used to offset the amount of revenue loss (net difference in fee by weight class) under personal use basis, and allocated in proportion to distribution of vehicles in respective weight classes. Average yields in even/odd base years were used to project total losses of \$7,552,000 in FY 2015-16, based on eleven months of fee reports, and \$7,700,000 for all of FY 2016-17. We expect adoption of Section 2 provisions would therefore reduce funds earmarked to the state highway fund within TIB by \$7,552,000 in FY 2015-16, and by \$7,700,000 in FY 2016-17.

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A staff review of local property tax rates and other special fees/charges in effect for 2012, determined at least twenty counties and a few cities in this State assess various road use, maintenance and/or plate decal fees, of which most are included in annual property tax due on a motor vehicle. For those vehicles registered under Section 56-3-620, no fee (or set of fees) appeared to be scaled by class of vehicle. A recent survey conducted by the S. C. Association of Auditors, Treasurers and Tax Collectors (SCATT) also found no evidence of any current, or pending, fees assessed on vehicle property taxes to be based on the class of vehicle. Since, upon enactment, Section 1 provisions preclude application of multiple rates being imposed, there is no basis to reduce proceeds from these fees.



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^{1/} This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).